GOLD FIELDS LTD
Form 20-F
March 31, 2011

As filed with the Securities and Exchange Commission on March 31, 2011

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 20-F

(Mark One)

¨ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934**
or

¨ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
or

x **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from July 1, 2010 to December 31, 2010

or

¨ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
Date of event requiring this shell company report

For the transition period from to

Commission file number: 1-31318

Gold Fields Limited

(Exact name of registrant as specified in its charter)

Republic of South Africa

(Jurisdiction of incorporation or organization)

150 Helen Road

Sandown, Sandton, 2196

South Africa

011-27-11-562-9700

(Address of principal executive offices)

Michael Fleischer

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150 Helen Road

Sandown, Sandton, 2196

South Africa

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act

Title of Each Class	Name of Each Exchange on Which Registered
Ordinary shares of par value Rand 0.50 each	New York Stock Exchange*

American Depositary Shares, each representing one ordinary share	New York Stock Exchange

* Not for trading, but only in connection with the registration of the American Depositary Shares pursuant to the requirements of the Securities and Exchange Commission.

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

(Title of Class)

Indicate the number of outstanding shares of each of the issuer s classes of capital or common stock as of the close of the period covered by the Annual Report:

720,796,887 ordinary shares of par value Rand 0.50 each

50 Redeemable Preference Shares of Rand 0.01 each

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act: Yes x No ¨

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ¨ No x

Note Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x Accelerated filer ¨ Non-accelerated filer ¨

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP x International Financial Reporting Standards as issued by the International Accounting Standards Board ¨ Other ¨

If Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow: Item 17 ¨ Item 18 ¨

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ¨ No ¨

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Presentation of Financial Information

Gold Fields Limited, or Gold Fields or the Company, is a South African company and the majority of its operations, based on gold production, are located there. Accordingly, its books of account are maintained in South African Rand and its annual and interim financial statements are prepared in accordance with International Financial Reporting Standards, or IFRS, as prescribed by law. Gold Fields also prepares annual financial statements in accordance with United States Generally Accepted Accounting Principles, or U.S. GAAP, which are translated into U.S. dollars. Except as otherwise noted, the financial information included in this transition report has been prepared in accordance with U.S. GAAP and is presented in U.S. dollars, and descriptions of critical accounting policies refer to accounting policies under U.S. GAAP.

For Gold Fields financial statements, unless otherwise stated, balance sheet item amounts are translated from Rand to U.S. dollars at the exchange rate prevailing on the date that it closed its accounts for the six month period ended December 31, 2010 (Rand 6.75 per $1.00 as of December 23, 2010), except for specific items included within shareholders equity and the statements of cash flows that are translated at the rate prevailing on the date the relevant transaction was entered into, and statements of operations item amounts are translated from Rand to U.S. dollars at the weighted average exchange rate for each period (Rand 7.14 per $1.00 for the six month period ended December 31, 2010).

In this transition report, Gold Fields presents the financial items total cash costs, total cash costs per ounce , total production costs and total production costs per ounce, which have been determined using industry standards promulgated by the Gold Institute and are not U.S. GAAP measures. The Gold Institute was a non-profit international industry association of miners, refiners, bullion suppliers and manufacturers of gold products that ceased operation in 2002, which developed a uniform format for reporting production costs on a per ounce basis. The Gold Institute has now been incorporated into the National Mining Association. The guidance was first adopted in 1996 and revised in November 1999. An investor should not consider these items in isolation or as alternatives to production costs, income before tax, net income, operating cash flows or any other measure of financial performance presented in accordance with U.S. GAAP. While the Gold Institute provided definitions for the calculation of total cash costs and total production costs, the calculation of total cash costs, total cash costs per ounce, total production costs and total production costs per ounce may vary significantly among gold mining companies, and by themselves do not necessarily provide a basis for comparison with other gold mining companies. See Operating and Financial Review and Prospects Results of Operations Six Months Ended December 31, 2010 and 2009 Costs and Expenses .

In this transition report, Gold Fields also presents the financial items operating costs and notional cash expenditure , or NCE. Operating costs and NCE have been determined by Gold Fields on the basis of internally developed definitions and are not U.S. GAAP measures. Gold Fields defines operating costs as production costs (exclusive of depreciation, amortization and movements in gold-in-process) plus corporate expenditure, employment termination and restructuring costs and accretion expense on provision for environmental rehabilitation. Gold Fields defines NCE as operating costs plus additions to property plant and equipment. See Operating and Financial Review and Prospects Notional Cash Expenditure . An investor should not consider these items in isolation or as alternatives to production costs, cash flows from operating activities or any other measure of financial performance presented in accordance with U.S. GAAP. Operating costs and NCE as presented in this transition report may not be comparable to other similarly titled measures of performance of other companies.

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Defined Terms and Conventions

In this transition report, all references to the Group are to Gold Fields and its subsidiaries.

In this transition report, all references to South Africa are to the Republic of South Africa, all references to Ghana are to the Republic of Ghana, all references to Australia are to the Commonwealth of Australia, all references to Venezuela are to the Bolivarian Republic of Venezuela, all references to Finland are to the Republic of Finland and all references to Peru are to the Republic of Peru.

In this transition report, all references to the DMR are references to the South African Department of Mineral Resources, the government body responsible for regulating the mining industry in South Africa, or to its predecessor entity, the Department of Minerals and Energy which was split into the Department of Mineral Resources and the Department of Energy in July 2009, as applicable.

In this transition report, gold production figures are provided in troy ounces, which are referred to as ounces or oz, and ore grades are provided in grams per metric ton, which are referred to as grams per ton or g/t. All references to tons or t in this transition report are to metric tons. All references to gold include gold and gold equivalent ounces, as applicable.

In this transition report, R and Rand refer to the South African Rand and Rand cents refers to subunits of the South African Rand, $, U.S.$ a U.S. dollars refer to United States dollars, U.S. cents refers to subunits of the U.S. dollar, A$ and Australian dollars refer to Australian dollars, CAD refers to Canadian dollars and S/. refers to Peruvian Nuevos Soles.

Certain information in this transition report presented in Rand and Australian dollars has been translated into U.S. dollars. Unless otherwise stated, the conversion rates for these translations are Rand 6.75 per $1.00 and A$1.00 per $1.00, which were the closing rates on December 23, 2010. By including the U.S. dollar equivalents, Gold Fields is not representing that the Rand or Australian dollar amounts actually represent the U.S. dollar amounts shown or that these amounts could be converted into U.S. dollars at the rates indicated.

In this transition report, except where otherwise noted, all production and operating statistics are based on Gold Fields total operations, which include production from the Tarkwa and Damang mines in Ghana and from the Cerro Corona mine in Peru which is attributable to the noncontrolling shareholders in those mines. This transition report contains references to gold equivalent ounces which are quantities of metals (such as copper) expressed as amounts of gold using the prevailing prices of gold and the other metals. To calculate this, the accepted total value of the metal based on its weight and value is divided by the accepted value of one troy ounce of gold.

Information on South Deep, Western Areas and BGSA

This transition report contains certain information relating to Western Areas Limited (now known as Gold Fields Operations Limited), or Western Areas, Barrick Gold South Africa (Pty) Limited, or BGSA (now known as GFI Joint Ventures Holding (Pty) Limited, or GFI Joint Ventures), and the South Deep gold mine, or South Deep, including information contained in Operating and Financial Review and Prospects . This information, as it relates to information regarding South Deep, Western Areas and BGSA in the period before Gold Fields acquisition of these entities, has been compiled from information published by Western Areas, including information filed with JSE Limited, or the JSE, and certain due diligence materials made available to Gold Fields by Western Areas and Barrick Gold Corporation, or Barrick, and has not been commented on by any representative of Western Areas or Barrick. Gold Fields has sought to ensure that the information presented has been accurately reproduced from these sources. However, Gold Fields is otherwise unable to confirm that the information relating to Western Areas, South Deep and BGSA is in accordance with the facts and does not omit anything likely to affect the import of the information.

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South Deep s proven and probable mineral reserves, as at December 31, 2010, are based on new estimation and mine design work completed between July 2009 and December 2010, which has resulted in 100% of proven and probable mineral reserve ounces having been modeled and designed (previously 50%, as at June 30, 2010). The proven and probable mineral reserves at South Deep have increased by 18% primarily due to the inclusion of Uncle Harry s, an area immediately east of the South Deep mine, which has been included in the new South Deep mining right approved in May 2010, and enhanced geological modeling, facilitated by new information from underground and surface drilling programs.

During the transition period, Gold Fields continued with a surface drilling exploration program that is expected to provide additional technical information on the geological structure, sedimentology, facies characteristics and tenor of the Ventersdorp Contact Reef and Upper Elsburg Reefs, in the area below current infrastructure to the southern boundary of the mining area, or Phase 2, and the Uncle Harry s area to the east. The drilling program is 69% complete, and the last hole is expected to be finalized by June 2012. Gold Fields expects that the additional information obtained from the remainder of this program will further enhance the modeling of the Phase 2 ground and will increase confidence levels with regard to in situ facies geometry, reef grades and tonnages.

Forward-looking Statements

This transition report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, with respect to Gold Fields financial condition, results of operations, business strategies, operating efficiencies, competitive position, growth opportunities for existing services, plans and objectives of management, markets for stock and other matters. Statements in this transition report that are not historical facts are forward-looking statements.

These forward-looking statements, including, among others, those relating to the future business prospects, revenues and income of Gold Fields, wherever they may occur in this transition report and the exhibits to the annual report, are necessarily estimates reflecting the best judgment of the senior management of Gold Fields and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a consequence, these forward-looking statements should be considered in light of various important factors, including those set forth in this transition report. Important factors that could cause actual results to differ materially from estimates or projections contained in the forward-looking statements include, without limitation:

- overall economic and business conditions in South Africa, Ghana, Australia, Peru and elsewhere;
- the ability to achieve anticipated efficiencies and other cost savings in connection with past and future acquisitions;
- the ability to achieve anticipated cost savings at existing operations;
- the success of exploration and development activities;
- decreases in the market price of gold or copper;
- the occurrence of hazards associated with underground and surface gold mining;
- the occurrence of work stoppages related to health and safety incidents;
- the occurrence of labor disruptions and industrial actions;

the ability to manage and maintain access to current and future sources of liquidity, capital and credit, including the terms and conditions of Gold Fields facilities and Gold Fields overall cost of funding;

the manner, amount and timing of capital expenditures made by Gold Fields on both existing and new mines, mining projects, exploration projects or other initiatives;

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changes in relevant government regulations, particularly environmental regulations and potential new legislation affecting mining and mineral rights;

fluctuations in exchange rates, currency devaluations and other macroeconomic monetary policies; and

political and social instability in South Africa, Ghana, Peru or regionally in Africa or South America.

Gold Fields undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this transition report or to reflect the occurrence of unanticipated events.

Explanatory Note

On August 4, 2010, the Board of Directors of Gold Fields authorized a change of fiscal year end to December 31 from June 30. As a result, Gold Fields is required to file this transition report on Form 20-F for the transition period from July 1, 2010 to December 31, 2010. Gold Fields notes that this transition report on Form 20-F is filed pursuant to Rule 13a-10(g)(4) of the Securities Exchange Act of 1934, as amended, which permits Gold Fields to respond to only Items 5, 8.A.7., 13, 14 and 17 or 18 of Form 20-F. Gold Fields has also included Item 15 of Form 20-F.

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PART I

ITEM 5: OPERATING AND FINANCIAL REVIEW AND PROSPECTS

You should read the following discussion and analysis together with Gold Fields consolidated financial statements including the notes, appearing elsewhere in this transition report. Certain information contained in the discussion and analysis set forth below and elsewhere in this transition report includes forward-looking statements that involve risks and uncertainties. See Forward-looking Statements and Risk Factors for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in this transition report. The comparison of the fiscal years ended June 30, 2010 and 2009 is incorporated herein by reference to Item 5 of Gold Fields annual report on Form 20-F, filed with the SEC on December 2, 2010.

Overview

General

Gold Fields is a significant producer of gold and a major holder of gold reserves in South Africa, Ghana, Australia and Peru. In Peru, Gold Fields also produces copper. Gold Fields is primarily involved in underground and surface gold and copper mining and related activities, including exploration, extraction, processing and smelting. Gold Fields is one of the largest gold producers in the world, based on annual production. In the six months ended December 31, 2010, Gold Fields produced 1.983 million ounces of gold and gold equivalents, 1.806 million ounces of which were attributable to Gold Fields, and the remainder of which were attributable to non-controlling shareholders in Gold Fields Ghana Limited, or Gold Fields Ghana, Abosso Goldfields Limited, or Abosso and Gold Fields La Cima S.A., or La Cima. Gold Fields reported attributable gold reserves, including copper expressed as gold equivalent ounces, of 76.7 million ounces as of December 31, 2010, with attributable gold reserves (excluding copper) of 74.6 million ounces and attributable copper reserves of 779 million pounds. For a description of how gold equivalent ounces are determined, see Defined Terms and Conventions .

Total managed gold production was 1.983 million ounces in the six months ended December 31, 2010 (1.806 million ounces of which were attributable to Gold Fields with the remainder attributable to non-controlling shareholders in Gold Fields Ghana, Abosso and La Cima). Total gold production was 1.970 million ounces in the six months ended December 31, 2009 (1.806 million ounces of which were attributable to Gold Fields with the remainder attributable to non-controlling shareholders in Gold Fields Ghana, Abosso and La Cima).

In the six months ended December 31, 2010 a review of the mines underlying organizational structures resulted in the combining of the Driefontein and Kloof mines to form one management controlled entity referred to as the Kloof-Driefontein complex, or KDC. In the six months ended December 31, 2010, production from the South African operations (including the KDC, Beatrix and South Deep) decreased 6.4% mainly due to lower underground grades. At KDC, production was 8.8% lower due to lower grades mined and processed. Beatrix s production decreased 7.0% mainly due to lower mining volumes. South Deep s production increased 6.8% in line with the anticipated production build-up. Production at the international operations increased 8.7%. In the West Africa region, Tarkwa s production was 4.1% higher due to an increase in mill throughput. Damang s production was 20.9% higher due to a 13 day plant shutdown in December 2009 and the commissioning of the secondary crusher in mid-calendar 2010, which improved throughput and grades. In the Australasia region, St. Ives production increased 23.8% mainly due to an increase in underground tons processed and higher head grades from underground and surface operations. At Agnew, production was 14.2% lower primarily due to restricted underground stope access at the Kim South site. In the South America region, Peru s Cerro Corona s gold production (including gold equivalent ounces) increased 6.7% mainly due to the higher gold grades mined and processed.

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Mvelaphanda Transaction

On March 8, 2004, the shareholders of Gold Fields approved a series of transactions, referred to in this discussion as the Mvelaphanda Transaction, involving the acquisition by Mvelaphanda Resources Limited, or Mvela Resources, of a 15% beneficial interest in the South African gold mining assets of Gold Fields for cash consideration of Rand 4,139 million.

Sale of Essakane project

On October 11, 2007, Gold Fields reached an agreement to sell its 60% stake in the Essakane exploration project located in Burkina Faso to Orezone for a minimum total consideration of U.S.$200 million. The transaction closed on November 26, 2007. Orezone paid Gold Fields U.S.$152 million in cash and issued 41,666,667 common shares having an aggregate subscription price of U.S.$48 million to its wholly-owned subsidiary, Gold Fields Essakane (BVI) Limited.

Following the acquisition, Gold Fields owned 41,666,667 common shares of Orezone, representing 12.2% of Orezone s issued and outstanding common shares. During the six months ended December 31, 2009, Gold Fields exchanged the Orezone shares for approximately 3.3 million shares of IAMGold Limited, as a result of the acquisition of all the Orezone shares by IAMGold. Gold Fields subsequently disposed of the IAMGold shares for a cash consideration of $33.4 million.

Disposal of Sino Gold shares

During the six months ended December 31, 2009, Gold Fields entered into a sale agreement with Eldorado Gold Corporation, or Eldorado, to exchange its entire holding in Sino Gold (50 million shares) for equivalent shares in Eldorado (28 million). This resulted in a profit of $57.4 million. Subsequent to the share exchange, a further four million top-up shares were issued to Gold Fields by Eldorado. The entire holding in Eldorado was sold during fiscal 2010 resulting in a profit of $99.9 million of which $53.6 million relating to the top-up shares was accounted for as a gain on financial instruments. The total proceeds on disposal of the Eldorado shares were $361.9 million.

St. Ives royalty termination

On August 27, 2009, Gold Fields reached agreement with Morgan Stanley Bank to terminate, for A$308 million ($257.1 million), the royalty agreement between St. Ives Gold Mining Company Pty Limited and Morgan Stanley Bank s subsidiaries. The terminated royalty agreement required St. Ives to pay a 4% net smelter volume royalty on all of its revenues once total gold produced from November 30, 2001 exceeded 3.3 million ounces which was triggered early in the six months ended December 31, 2009, and provided that if the gold price exceeded A$600 per ounce, to pay an additional 10% of the revenue difference between the spot gold price, in Australian dollars per ounce, and the price of A$600 per ounce.

Purchase of Glencar

During the six months ended December 31, 2009, Gold Fields acquired, for cash, 100% of Glencar Mining Plc., a company whose principal asset, and only defined resource, is the Komana project in Southern Mali, West Africa. The cash consideration paid was $43.0 million.

Payment for exploration rights in the Far South East Project

On September 20, 2010, Gold Fields entered into option agreements with Lepanto Consolidated Mining Company, or Lepanto, a company listed in the Philippines, and Liberty Express Assets, or Liberty, a private holding company, to acquire a 60% interest in the undeveloped gold-copper Far Southeast, or FSE, deposit in the Philippines.

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The agreements provide Gold Fields with an 18-month option on FSE, during which time Gold Fields will conduct a major drilling program as part of a feasibility study on FSE. As part of the agreement, Gold Fields was required to pay $10.0 million in option fees to Lepanto and $44.0 million as a non-refundable down-payment to Liberty upon signing of the option agreements, which payments were made during October 2010. After a 12-month period, should Gold Fields decide to proceed with the acquisition of the 60% interest in FSE, a further non-refundable down-payment of $66.0 million will be payable to Liberty, with the final payment of $220.0 million payable at the expiration of the option period. The total pre-agreed acquisition price for a 60% interest in FSE, inclusive of all of the above payments, is $340.0 million.

Revenues

Substantially all of Gold Fields revenues are derived from the sale of gold and copper. As a result, Gold Fields revenues are directly related to the prices of gold and copper. Historically, the prices of gold and copper have fluctuated widely. The gold and copper prices are affected by numerous factors over which Gold Fields does not have control. The volatility of gold and copper prices is illustrated in the following tables, which show the annual high, low and average of the London afternoon fixing price of gold and the London Metal Exchange cash settlement price for copper in U.S. dollars for the past 12 calendar years and to date in calendar year 2011:

	Price per ounce[(1)]		
Gold	**High**	**Low**	**Average**
		($/oz)	
1999	326	253	279
2000	313	264	282
2001	293	256	270
2002	349	278	310
2003	416	320	363
2004	454	375	409
2005	537	411	445
2006	725	525	604
2007	834	607	687
2008	1,011	713	872
2009	1,213	810	972
2010	1,421	1,058	1,224
2011 (through February 28, 2011)	1,412	1,319	1,365

Source: I net

Note:

(1) Rounded to the nearest U.S. dollar.

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On March 23, 2011, the London afternoon fixing price of gold was U.S.$1,440 per ounce.

Copper	**Price per ton[1]**		
	High	**Low**	**Average**
		($/ton)	
1999	1,846	1,354	1,574
2000	2,009	1,607	1,814
2001	1,837	1,319	1,577
2002	1,690	1,421	1,558
2003	2,321	1,545	1,780
2004	3,287	2,337	2,867
2005	4,650	3,072	3,687
2006	8,788	4,537	6,728
2007	8,301	5,226	7,128
2008	8,985	2,770	6,952
2009	7,346	3,051	5,164
2010	9,740	6,091	7,539
2011 (through February 28, 2011)	10,148	9,330	9,712

Source: I net

Note:

(1) Rounded to the nearest U.S. dollar.

On March 23, 2011, the London Metal Exchange cash settlement price for copper was U.S.$ 9,704 per ton.

As a general rule, Gold Fields sells the gold it produces at market prices to obtain the maximum benefit from prevailing gold prices and does not enter into hedging arrangements such as forward sales or derivatives which establish a price in advance for the sale of its future gold production. At December 31, 2010, Gold Fields had no outstanding hedges. Significant changes in the prices of gold and copper over a sustained period of time may lead Gold Fields to increase or decrease its production in the near-term, which could have a material impact on Gold Fields revenues.

Sales of copper concentrate are provisionally priced that is the selling price is subject to final adjustment at the end of a period normally ranging from 30 to 90 days after delivery to the customer, based on market prices at the relevant quotation points stipulated in the contract.

Revenue on provisionally priced copper concentrate sales is recorded on the date of shipment, net of refining and treatment charges, using the forward London Metal Exchange price to the estimated final pricing date, adjusted for the specific terms of the agreements. Variations between the price used to recognize revenue and the actual final price received can be caused by changes in prevailing copper and gold prices and result in an embedded derivative.

The host contract is the receivable from the sale of copper concentrate at the forward London Metal Exchange price at the time of sale. The embedded derivative, which does not qualify for hedge accounting, is marked-to-market each period until final settlement occurs, with changes in fair value classified as provisional price adjustments and included as a component of revenue while the contract itself is recorded in accounts receivable.

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Gold Fields Realized Gold and Copper Prices

The following table sets out the average, the high and the low London afternoon fixing price per ounce of gold and Gold Fields average U.S. dollar realized gold price during the past six months ended December 31, 2009 and 2010 and three fiscal years ended June 30, 2008, 2009 and 2010. Gold Fields average realized gold price is calculated using the actual price per ounce of gold received on gold sold and the actual amount of revenue received on sales of copper concentrate, expressed in terms of the price per gold equivalent ounce. For a description of how gold equivalent ounces are determined, see Defined Terms and Conventions.

	Six months ended December 31,		Fiscal year ended June 30,		
	2009	2010	2008	2009	2010
Realized Gold Price(1) (3)					
Average	1,028	1,295	821	874	1,089
High	1,213	1,421	1,011	989	1,261
Low	909	1,157	649	713	909
Gold Fields average realized gold price(2)	1,026	1,292	819	875	1,085

Notes:

(1) Prices stated per ounce

(2) Gold Fields average realized gold price may differ from the average gold price due to the timing of its sales of gold and gold equivalents (copper) within each period.

(3) Realized gold price relates to the six months ended December 31, 2009 and 2010 and the fiscal years ended June 30, 2008, 2009 and 2010 as opposed to calendar 2008, 2009 and 2010.

The following table sets out the average, the high and the low London Metal Exchange cash settlement price per ton for copper and Gold Fields average U.S. dollar realized copper price for the six months ended December 31, 2009 and 2010, the 10 month period from September 1, 2008 (when the Cerro Corona Mine commenced production) and the fiscal year ended June 30, 2010.

	Six months ended December 31		10 months ended June 30	Year ended June 30
	2009	2010	2009	2010
Realized Copper Price(1)(3)				
Average	6,238	7,933	4,322	6,675
High	7,346	9,740	7,420	7,951
Low	4,821	6,354	2,770	4,821
Gold Fields average realized copper price(2)	5,634	7,182	4,115	6,273

Notes:

(1) Prices stated per ton.

(2) Gold Fields average realized copper price may differ from the average copper price due to the timing of its sales of copper within each year and is net of treatment and refining charges.

(3) Realized copper price relates to the six months ended December 31, 2009 and 2010, the ten month period ended June 30, 2009 and the fiscal year ended June 30, 2010 as opposed to calendar, 2009 and 2010.

Costs

Gold Fields total cash costs consist primarily of labor and, where applicable, contractor costs, power and water and consumable stores, which include explosives, timber and other consumables, including diesel fuel and other petroleum products. Gold Fields expects that its total cash costs, particularly the input costs noted above, are likely to continue to increase in the near future driven by general economic trends, market dynamics and other regulatory changes.

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In order to counter the effect of ever increasing costs in the mining industry, Gold Fields has introduced broad based cost saving initiatives which are referred to as Business Process Re-engineering , or BPR. This program has been implemented at KDC and Beatrix in South Africa, as well as Tarkwa in Ghana and St. Ives in Australia. This program will focus on identifying and realizing major cost savings on an ongoing basis to ensure the long term sustainability of the operations.

Gold Fields South African operations are labor intensive due to the use of deep level underground mining methods. As a result, in the six months ended December 31, 2010, labor represented on average approximately 48% of total cash costs at the South African operations.

At the South African operations, in the six months ended December 31, 2010, power and water represented on average approximately 12% of total cash costs. Eskom applied to the National Energy Regulator of South Africa, or NERSA, for a 35% average tariff increase on each of April 1, 2010, 2011 and 2012, and NERSA granted average increases of 24.8%, 25.8% and 25.9%, respectively. Gold Fields expects further significant additional increases during the next several years as Eskom embarks on an electricity generation capacity expansion program.

Gold Fields Ghana concluded power tariff agreements with Volta River Authority or VRA, at a rate of $0.1305 per kilowatt hour for the period from June 1, 2010 to December 31, 2010. The services of the transmission and distribution utility are to be billed separately. The total rate per kilowatt hour including the transmission and distribution utility was $0.1482.

The Electricity Company of Ghana, or ECG, which provides power to Damang as well as the South Heap Leach Section at Tarkwa, has increased the power tariff to $0.1995. Gold Fields Ghana is currently negotiating the excessive tariff increase request as it is a bulk permit holder, which allows it to negotiate rates with the suppliers. These negotiations commenced in August 2010. While negotiations have been ongoing, Gold Fields Ghana has been paying $0.1482, per kilowatt hour.

At the Ghana operations, mining operations at Damang were conducted by an outside contractor until November 2010 when an owner-mining project commenced with planned completion by March 2011. At December 31, 2010, $42.3 million was spent on the owner-mining project with a further $12.2 million expected to be spent to complete the project. Starting in calendar 2005, Tarkwa began engaging in owner mining and therefore significantly reduced its use of outside contractors. Contractor costs represent on average 12% of total cash costs at Tarkwa and 52% of total cash costs at Damang in the six months ended December 31, 2010. Direct labor costs represent on average a further 10% of total cash costs at Tarkwa and 9% at Damang in the six months ended December 31, 2010.

At Cerro Corona labor represents 28% of total cash costs and contractor costs represent 35% of total cash costs in the six months ended December 31, 2010.

At the Australian operations, mining operations are mainly conducted by outside contractors.

At Agnew, owner mining commenced in May 2010, however, development is still conducted by outside contractors. Agnew spent A$13 million ($12 million) on the acquisition of mining fleet in the last quarter of calendar 2010 to commence owner mining. As a result, at Agnew, total contractor costs have been reduced from an average of 55% of costs to 39% of costs in the six months ended December 31, 2010. At St. Ives, contractor costs represented 54% of total cash costs. Direct labor costs represented on average a further 21% at Agnew and 13% at St. Ives of total cash costs in the six months ended December 31, 2010.

Gold Fields operations in Ghana consume large quantities of diesel fuel for the running of their mining fleet. The cost of diesel fuel is directly related to the oil price and any movement in the oil price will have an impact on the cost of diesel fuel and therefore the cost of running the mining fleet. Over the last two calendar years, fuel costs have represented approximately 15% of total cash costs at the Ghana operations. Fuel use is proportionately higher at the Ghana operations than at other operations because open pit mining in general requires more fuel usage than underground mining and because of the configuration of the Ghana operations, including the scale of certain of the pits and the distances between the pits and the plants.

In order to provide some protection against future rises in oil prices, and therefore in diesel fuel prices, Gold Fields has in recent years entered into various call options for diesel fuel for the benefit of its Ghana operations. There were no call options entered into during the six months period ended December 31, 2010. However, call options entered into during six months ended December 31, 2009 expired on February 28, 2010.

During the six months ended December 31, 2009, price participation royalties of A$3.4 million were paid to certain subsidiaries of Morgan Stanley Bank in respect of St. Ives. No royalty payments were made during the six months ended December 31, 2010 due to the termination of the royalty on August 26, 2009.

Total gold produced from St. Ives since November 30, 2001 exceeded 3.3 million ounces prior to July 1, 2009, creating the liability to pay the 4% net smelter volume royalty which amounted to A$2.8 million for the six months ended December 31, 2009. No royalty payments were made during the six months ended December 31, 2010 due to the termination of the royalties on August 26, 2009.

On August 26, 2009, Gold Fields terminated the royalty for a consideration of A$308 million ($257.1 million). The remainder of Gold Fields total costs consist primarily of amortization and depreciation, exploration costs and selling, administration and general and corporate charges.

Business Process Re-engineering Program

One of Gold Fields strategic priorities relates to the proactive management of costs with a view to maintaining an NCE margin of between 20% and 25% at each mine. To this end, a comprehensive and far reaching business process re-engineering program has been implemented at the KDC and Beatrix mines in South Africa, as well as at the Tarkwa mine in Ghana and the St. Ives mines in Australia. This will entail a significant focus on operating costs and the rationalization of on-mine and regional overhead cost structures and a review of the mine-to-mill processes.

Notional Cash Expenditure

Gold Fields defines notional cash expenditure, or NCE, as operating costs plus additions to property, plant and equipment, and defines operating costs as production costs (exclusive of depreciation, amortization and movements in gold-in-process) plus corporate expenditure, employment termination and restructuring costs and accretion expense on provision for environmental rehabilitation. Gold Fields reports NCE on a per equivalent ounce basis. Management considers NCE per equivalent ounce to be an important measure as it believes NCE per ounce provides more information than other commonly used measures, such as total cash costs per equivalent ounce, regarding the real cost to Gold Fields of producing an equivalent ounce of gold, reflecting not only the ongoing costs of production but also the investment cost of bringing mines into production. Management also believes that NCE per equivalent ounce when compared with the gold price received is a useful indication of the cash Gold Fields has available for paying taxes, repaying debt, funding exploration and paying dividends and the like.

NCE is not a U.S. GAAP measure. An investor should not consider NCE or operating costs in isolation or as alternatives to production costs, cash flows from operating activities or any other measure of financial performance presented in accordance with U.S. GAAP. NCE and operating costs as presented in this transition report may not be comparable to other similarly titled measures of performance of other companies.

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The following tables set out a reconciliation of Gold Fields production costs, as calculated in accordance with U.S. GAAP, to its NCE for the six months ended December 31, 2010 and 2009.

	For the six months ended December 31, 2010									
	KDC	Beatrix	South Deep	Tarkwa	Damang	St. Ives	Agnew	Cerro Corona	Corporate	Group[3]
	(in $ million except as otherwise stated)[1]									
Production Costs	516.8	168.4	137.0	257.6	72.3	161.6	49.5	72.6		1,435.7
Add:										
Corporate expenditure	8.1	2.3	1.7	1.9	0.8	1.7	1.4	3.0		20.7
Employment termination and restructuring costs	22.0	7.1	0.4	0.2		0.2	0.3		5.2	35.3
GIP movement				(1.8)	0.5	5.0	0.4	1.6		5.6
Accretion expense on provision for environmental rehabilitation	4.3	1.4	0.4	0.9	0.2	2.0	1.0	0.8		10.9
Operating costs	551.2	179.2	139.4	258.8	73.7	170.4	52.5	78.0	5.2	1,508.2
Additions to property, plant and equipment	177.3	42.7	140.5	64.0	56.3	52.8	24.0	31.4	4.7	593.6
Notional cash expenditure	728.5	221.9	279.9	322.8	129.9	223.2	76.5	109.4	9.8	2,101.8
Gold produced (000oz)	634.0	202.0	146.2	362.0	116.9	243.0	79.6	199.5[2]		1,983.3
Notional cash expenditure per ounce of gold produced ($)	1,149	1,098	1,914	892	1,111	918	961	548		1,060

Notes:

(1) Calculated using an average exchange rate of R7.14 per $1.00.

(2) Including gold equivalent ounces.

(3) This total may not reflect the sum of the line items due to rounding.

	For the six months ended December 31, 2009									
	KDC	Beatrix	South Deep	Tarkwa	Damang	St. Ives	Agnew	Cerro Corona	Corporate	Group[3]
	(in $ million except as otherwise stated)[1]									
Production Costs	453.9	148.0	102.1	199.4	54.6	150.0	46.7	63.9		1,218.4
Add:										
Corporate expenditure	9.5	2.7	1.9	3.1	0.8	1.9	0.7	3.1		23.5
Employment termination and restructuring costs	2.6	1.3							0.3	4.3
GIP Movement				10.2	(0.7)	3.9	0.9	(1.0)		13.3
Accretion expense on provision for environmental rehabilitation	3.9	1.2	0.3	0.7	0.1	1.7	1.2	0.7		9.9

Operating costs	469.8	153.2	104.3	213.3	54.8	157.5	49.4	66.7	0.3	1,269.4
Additions to property, plant and equipment	139.9	40.0	105.9	33.4	9.9	41.5	19.1	46.9	2.5	439.0
Notional cash expenditure	609.7	193.2	210.2	246.7	64.6	199.0	68.5	113.6	2.8	1,708.4
Gold produced (000oz)	695.4	217.2	136.9	347.9	96.7	196.3	92.8	186.9(2)		1,970.1
Notional cash expenditure per ounce of gold produced ($)	877	890	1,535	709	668	1,014	738	608		867

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Notes:

(1) Calculated using an average rate of R7.65 per $1.00.

(2) Including gold equivalent ounces.

(3) The total may not reflect the sum of the line items due to rounding.

NCE increased from $867 per ounce in the six months to December 31, 2009 to $1,060 per ounce in six months to December 31, 2010, primarily because of increases in operating costs and expenditure on property, plant and equipment. Costs increased due to the 6.7% strengthening of the South African Rand against the U.S. dollar, annual wage increases, increases in electricity tariffs in South Africa and Ghana and the increase in statutory workers participation in Cerro Corona.

One of Gold Fields strategic objectives is to increase its NCE margin to 20% in the short-term and 25% in the long-term. The NCE margin is defined as the difference between revenue per ounce and NCE per ounce expressed as a percentage.

Royalties

South Africa

The Mineral and Petroleum Resource Royalty Act, 2008, or the Royalty Act, was promulgated on November 24, 2008 and came into operation on March 1, 2010. The Royalty Act imposes a royalty on refined and unrefined minerals payable to the State.

The royalty in respect of refined minerals (which include gold and platinum) is calculated by dividing earnings before interest and taxes, or EBIT, by the product of 12.5 times gross revenue calculated as a percentage, plus an additional 0.5%. EBIT refers to taxable mining income (with certain exceptions such as no deduction for interest payable and foreign exchange losses) before assessed losses but after capital expenditure. A maximum royalty of 5% has been introduced on refined minerals.

The royalty in respect of unrefined minerals (which include uranium) is calculated by dividing EBIT by the product of nine times gross revenue calculated as a percentage, plus an additional 0.5%. A maximum royalty of 7% has been introduced on unrefined minerals.

Where unrefined mineral resources (such as uranium) constitute less than 10% in value of the total composite mineral resources, the royalty rate in respect of refined mineral resources may be used for all gross sales and a separate calculation of EBIT for each class of mineral resources is not required. For Gold Fields, this means that currently it will pay a royalty based on the refined minerals royalty calculation as applied to its gross revenue. The rate of royalty tax payable for the six months ended December 31, 2010 was approximately 1.1% of revenue. There was no royalty for the comparative period because the royalty only became effective from March 1, 2010.

Ghana

Because the mineral rights are owned by the state, the Tarkwa and Damang operations are also subject to a gold royalty, calculated on a sliding scale with rates ranging from 3% to 6%. With effect from April 1, 2011, the royalty rate has been fixed at 5% of total revenue earned from minerals obtained.

Australia

Royalties are payable to the state based on the amount of gold produced from a mining tenement. Royalties are payable quarterly at a fixed rate of 2.5% of the royalty value of gold sold. The royalty value of gold is the amount of gold produced during the month multiplied by the average gold spot price for the month.

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Peru

On June 24, 2004, the Peruvian Congress approved the Mining Royalty Law, which established a mining royalty that owners of mining concessions must pay to the Peruvian government for the exploitation of metallic and non-metallic resources. The mining royalties are calculated on a sliding scale with rates ranging from 1% to 3% of the value of mineral concentrates based on international market prices.

Income and Mining Taxes

South Africa

Gold Fields pays taxes on its taxable income generated by its mining and non-mining tax entities. Under South African law, gold mining companies and non-gold mining companies are taxed at different rates. For tax purposes, GFI Mining South Africa (Proprietary) Limited, or GFIMSA, as well as Gold Fields Operations Limited and GFI Joint Venture Holdings (Proprietary) Limited (the legal partners of the South Deep Joint Venture), are considered gold mining companies whereas Gold Fields itself and its other South African subsidiaries are non-gold mining companies. All non-gold mining companies pay tax at the statutory rate of 28.0%, whereas gold mining companies pay tax at a rate which is calculated in terms of a formula which is explained below. In addition, non-gold mining companies are liable for Secondary Tax on Companies, or STC, which is currently charged at a rate of 10%. STC is a tax on dividends declared by companies or closed corporations that are resident in South Africa.